



North Carolina Department of Health and Human Services
Division of Social Services

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July 14, 2014

Food & Nutrition Services (FNS), Medicaid, NC Health Choice, Child Support (IV-D), TANF, Work First Maintenance of Effort, Low Income Home Energy Assistance Program (LIHEAP), Foster Care Title IV-E Administration, Adoption Assistance Title IV-E Administration, Social Services Block Grant (SSBG)

ON-SITE FISCAL MONITORING REPORT
FOLLOW-UP and CORRECTIONS COMPLETED

DSS County:	<u>Greene</u>
On-Site Monitoring:	<u>June 12, 2014</u>
Review Periods:	<u>December 2013 and April 2014</u>

I Purpose

To review DSS-1571 fiscal reporting for staff costs and purchase of services for Food & Nutrition Services (FNS), Medicaid, NC Health Choice, Child Support (IV-D), TANF, Work First Maintenance of Effort, Low Income Home Energy Assistance Program (LIHEAP), Foster Care Title IV-E Administration, Adoption Assistance Title IV-E Administration, and Social Services Block Grant (SSBG) to determine if costs are claimed correctly.

II Monitoring Review

The NC Division of Social Services conducted a formal "on-site" monitoring of randomly selected Food & Nutrition Services (FNS), Medicaid, NC Health Choice, Child Support (IV-D), TANF, Work First Maintenance of Effort, Low Income Home Energy Assistance Program (LIHEAP), Foster Care Title IV-E Administration, Adoption Assistance Title IV-E Administration, Social Services Block Grant (SSBG), State In-Home and TANF to SSBG expenses. The Budget Office Monitoring Worksheet is attached for additional information. Our monitoring included a sample of **December 2013** and **April 2014** reported expenditures; therefore does not guarantee all errors have been found. Correct reporting is the responsibility of the county. Noted below are the results and the Department of Social Services response to the findings and subsequent corrective action plan:

Part I – Salary and Fringe Benefits

Finding # 1

April 2014

.16 FTEs were claimed as 98/00-B for various Vocational Rehab, Blind Center and Domestic Violence workers that are located in the DSS building for short periods of time throughout the month. Claiming them to draw

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down overhead is allowable; however, 98/00-B is not the correct function and column to use. According to policy the FTEs should be claimed using a non-DSS reimbursable code.

Source

Letter from the Controllers Office Dated June 18, 2002

Allocating Overhead for Positions Housed in DSS

<http://www.ncdhhs.gov/control/socserv/dsb-over.doc>

"It has come to our attention that there is some confusion regarding the allocation of overhead for personnel occupying space within a DSS facility. Any staff that is provided dedicated office space and receiving administrative and/or clerical support must be reported on the DSS 1571, Part I. In Section I-D-Supporting Documentation-the DSS Fiscal Manual states that "all staff located in or supervised by the local departments of social services shall be reported by showing their program time in the appropriate column(s). Time not directly charged to a program(s) shall be allocated when the report is processed at the State office". Administrative costs are allocated based on the total number of FTEs reported on the DSS 1571, Part I. This allocation process assures that other Federal programs do not pick up a disproportionate share of costs and that the administrative "burden" is equitably distributed among all benefiting programs. This also applies to staff working in a non-DSS program. A non-DSS program is one that is not funded or administered by the Division of Social Services. If the position is determined to be non-DSS reimbursable, overhead applied to the position will also be non-DSS reimbursable. Please refer to the DSS Fiscal Manual, Section III-A, Procedures for Recording Salary Data, Item 19, for reporting instructions."

DSS FISCAL MANUAL Section III - Developing Cost on the DSS-1571 Report

SECTION III-A PROCEDURES FOR RECORDING SALARY DATA

<http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/FSCs3.htm#TopOfPage>

19. Column 18 - Non-reimbursable, Allocable (ALL)

Enter the percent of time any worker spends in a non-DSS program or activity, or with an ineligible client. (A non-DSS program is one that is not funded or administered by the Division of Social Services). Entries in this column mean that the salary, fringe benefit, *and* overhead are not reimbursed. If a county wishes to track non-DSS reimbursable costs for service programs within the county department of social services' area of responsibility (e.g., the Long Term Care Screening program) the time should be reported in this column with the worker listed as one of the generic function codes (for services these are function codes 31, 32, 33, 34 and 35). Use of any of these generic function codes is *optional*. Each county can decide whether they want to use any of them at all and also which ones designate which non-DSS reimbursable programs in their county. If a county chooses to use one of these generic function codes, use of the generic code requires an entry of 100% in this column, with the appropriate equivalency entered.

Required Action

April 2014

Make correcting entries using TEC to claim the .16 FTEs using a non-DSS reimbursable code from 31-35 with a column 18 so it will draw the appropriate overhead from staff and building as non-reimbursable.

County Response

[A part I adjustment was done in TEC to move .16 FTE's from 98 to 36,18 – see attached documentation](#)

Part II - General Administrative Costs

Finding # 2

April 2014

Postage/Telephone expenses were over-claimed due to a refund on the general ledger that was not considered when determining the expenditures for April.

Source

DSS FISCAL MANUAL Section I – Introduction

Section I-D Supporting Documentation

http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/FSCs2.htm#P19_182

Documentation must be available for all expenditures, which are reported for Federal and State fund participation. This includes but is not limited to the following:

- 1. Cash expenditures must be supported by itemized invoices, vouchers and any additional information that specifically identifies the item or service purchased.*
- 2. Accrued expenditures must be recorded on the official county ledger as an expense.*
- 3. Evidence to support the application of current procurement policies or standards pertaining to the purchase.*
- 4. Personnel costs for all workers must be supported by attendance and payroll records. Daily time reports must be maintained for personnel whose salaries are to be direct charged to more than one program.*
 - a. All staff located in and supervised by the local departments of social services, whose duties support the funding sources and/or programs of the departments shall be reported by showing their program time in the appropriate column(s). Time not directly charged to a program(s) shall be allocated when the report is processed at the State office. Contract provider staff shall maintain daily time sheets and documentation to support the distribution of costs between various activities of an agency that specially address the DSS funded program. (Housekeeping staff time is referenced on page III A-1)*
 - b. Supervisors will be allocated to the applicable funding sources in accordance with the cost allocation plan.*
 - c. Support workers (clerical, typists, etc.) will be allocated based upon direct program staff performing duties in the programs comprising the pool in which they are working.*
 - d. In Home Aide Supervisors are defined as Direct Workers.*
- 5. Inventory records must be maintained for equipment purchased. Inventory records shall include the amount and type of funds used to purchase items when such information is available.*
- 6. Depreciation schedules for items capitalized and reported through monthly depreciation charges must be maintained for audit and fiscal review purposes.*
- 7. Claims for reimbursement of indirect costs shall be supported by a current indirect cost plan, which must be maintained on file in the county DSS.*
- 8. All revenue items and applicable credits shall be documented and expenditures reduced by the same amount.***

Required Action

Make a correcting entry subtracting \$80.85 from 310 General Administrative Support.

County Response

[Correction of over-reporting on the April 2014 1571 of \\$80.85 was adjusted off the April 2014 1571 - see attachments.](#)

Part IV – Purchased Services

There were no deficiencies noted in the reporting of Purchased Services

III Conclusions

[As reported to the Fiscal Compliance monitor on July 14, 2014 all correcting entries were completed on the 1571 for service month June 2014 reported in July 2014. The Fiscal Compliance Monitor has verified the corrections on subsequent DSS 1571 reports and has documentation to support the corrections. No further action is needed; the prior findings are now corrected.](#)

IV Appeal

If the county disagrees with the monitoring results, the appeal process is to submit a written appeal to Kathy Sommese, Budget Officer, NC Division of Social Services, 2417 MSC, Raleigh, NC 27699-2417, no later than thirty (30) days from the date of this letter.

Submitted By: Regina French, Fiscal Compliance Monitor

Cc: Kathy Sommese, NCDSS Budget Officer; Phil Lassiter, Local Business Liaison